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Influence Of Stakeholder Engagement On Organizational Performance Within Kenya Railways Corporation Passenger Service Division, Kenya.

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Abstract
Stakeholder engagement has become an important strategic management practice for improving organizational effectiveness, service delivery, and accountability in public sector organizations. Despite significant investment in railway infrastructure and modernization initiatives, Kenya Railways Corporation (KRC) Passenger Service Division continues to experience operational inefficiencies, customer dissatisfaction, and implementation challenges. This study examined the influence of stakeholder engagement on organizational performance within the KRC Passenger Service Division. The study was guided by Stakeholder Theory and adopted a descriptive cross-sectional survey research design. The target population comprised employees of the Passenger Service Division, and a sample of 359 respondents was selected using stratified random sampling. Primary data were collected using structured questionnaires and analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis using SPSS. Reliability analysis confirmed acceptable internal consistency with Cronbach's alpha values above 0.70. The findings revealed that stakeholder engagement had a strong positive and statistically significant relationship with organizational performance ($r = 0.763$, $p < 0.05$). Regression analysis further established that stakeholder engagement positively and significantly influenced organizational performance ($\beta = 0.163$, $p = 0.009$). The study concludes that effective engagement of employees, passengers, regulators, suppliers, and other stakeholders significantly improves service delivery, operational efficiency, customer satisfaction, and overall organizational effectiveness within the KRC Passenger Service Division. The study recommends institutionalizing stakeholder engagement policies, strengthening customer feedback systems, enhancing employee participation in decision-making, and improving communication with regulators and service partners.

Keywords: *Stakeholder engagement, organizational performance, public transport, Kenya Railways Corporation, passenger services, strategic management.*

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I. Introduction

Organizations increasingly recognize that sustainable performance depends not only on internal resources and operational systems but also on the quality of relationships with stakeholders. Stakeholder engagement involves identifying stakeholders, understanding their expectations, involving them in organizational processes, maintaining effective communication, and building collaborative relationships that support organizational objectives (Mahajan et al., 2023). Effective stakeholder engagement enhances trust, accountability, legitimacy, and organizational responsiveness, thereby contributing to improved performance outcomes (Hristov & Appolloni, 2022).

Public transport organizations operate in highly interconnected environments where service delivery directly affects passengers, employees, regulators, suppliers, local communities, and government agencies. Railway passenger services require continuous coordination among these stakeholders to ensure safety, reliability, service quality, and customer satisfaction. When stakeholder expectations are not adequately addressed, organizations may experience customer dissatisfaction, operational disruptions, resistance to organizational change, industrial disputes, and reduced public confidence (Omondi et al., 2024).

Kenya Railways Corporation plays a critical role in national mobility and economic development by providing passenger rail transport services. Despite substantial investment in railway infrastructure and modernization initiatives, the Passenger Service Division continues to face operational inefficiencies, customer service concerns, and implementation constraints. These challenges raise concerns regarding the effectiveness of stakeholder engagement practices within the division.

Statement of the Problem

Public transport institutions are expected to provide efficient, reliable, safe, and customer-oriented services. However, KRC Passenger Service Division has continued to experience service complaints, operational inefficiencies, customer dissatisfaction, and implementation challenges despite ongoing reforms and infrastructure investment. Limited involvement of employees, passengers, regulators, suppliers, and communities in planning, decision-making, and service improvement processes may reduce organizational responsiveness and weaken support for strategic initiatives (Kiptoo & Wambui, 2025). Empirical evidence on the influence of stakeholder engagement on organizational performance within railway passenger transport organizations in Kenya remains limited, thereby justifying the present study.

Objective of the Study

The objective of the study was:

To analyze the influence of stakeholder engagement on organizational performance within Kenya Railways Corporation Passenger Service Division.

Theoretical Framework

The study was guided by Stakeholder Theory, which argues that organizations achieve superior performance when they effectively manage relationships with stakeholders who affect or are affected by organizational activities (Mahajan et al., 2023). The theory emphasizes balancing stakeholder interests, fostering participation, maintaining open communication, and building mutually beneficial relationships. In the context of KRC Passenger Service Division, effective engagement with passengers, employees, regulators, suppliers, and communities is expected to improve service quality, operational coordination, customer satisfaction, and organizational performance.

II. Empirical Literature Review

Recent empirical studies have consistently demonstrated a positive relationship between stakeholder engagement and organizational performance. Hristov and Appolloni (2022) found that stakeholder engagement improved strategic alignment, trust, and operational effectiveness among European organizations. Mahajan et al. (2023) similarly established that organizations that systematically incorporated stakeholder interests into strategic decisions experienced improved sustainability and organizational performance.

In Kenya, Musyoka et al. (2023) found that stakeholder participation in planning significantly enhanced organizational performance among manufacturing firms. Omondi et al. (2024) reported that stakeholder engagement improved customer satisfaction and operational responsiveness in Kenyan public transport organizations. Likewise, Kiptoo and Wambui (2025) established that stakeholder consultation and feedback management positively influenced organizational performance among Kenyan state corporations. These studies suggest that organizations that institutionalize stakeholder engagement mechanisms are more likely to achieve higher levels of service quality, accountability, customer satisfaction, and organizational effectiveness.

III. Research Methodology

The study adopted a descriptive cross-sectional survey design. The target population comprised employees of the KRC Passenger Service Division drawn from customer service, train operations, technical, maintenance, and station management departments. A sample of 359 respondents was selected using stratified random sampling. Data were collected using structured questionnaires measured on a five-point Likert scale. Reliability testing yielded Cronbach's alpha values above 0.70, confirming acceptable internal consistency. Data were analyzed using descriptive statistics, Pearson correlation analysis, and multiple regression analysis using SPSS.

IV. Results And Discussion

The study found a strong positive and statistically significant relationship between stakeholder engagement and organizational performance ($r = 0.763$, $p < 0.05$). This finding indicates that higher levels of stakeholder engagement were associated with higher levels of organizational performance within KRC Passenger Service Division.

Regression analysis further revealed that stakeholder engagement positively and significantly influenced organizational performance ($\beta = 0.163$, $t = 2.621$, $p = 0.009$). The positive coefficient indicates that increasing stakeholder engagement contributes positively to organizational performance after controlling for other strategic management variables.

These findings imply that stakeholder engagement enhances communication, cooperation, accountability, and organizational responsiveness. Employee participation in decision-making processes is likely to improve commitment, ownership of organizational initiatives, and operational coordination. Customer engagement through feedback systems enables management to identify service gaps and improve service quality. Engagement with regulators and service partners strengthens compliance and operational reliability.

The findings are consistent with Omondi et al. (2024), who found that stakeholder engagement improved customer satisfaction and operational effectiveness in public transport organizations. They also support Kiptoo and Wambui (2025), who reported that stakeholder engagement significantly enhanced organizational performance among Kenyan state corporations.

V. Conclusion

The study concludes that stakeholder engagement has a positive and statistically significant influence on organizational performance within Kenya Railways Corporation Passenger Service Division. Effective engagement of employees, passengers, regulators, suppliers, and other stakeholders contributes to improved service delivery, operational efficiency, customer satisfaction, employee commitment, and organizational effectiveness. Stakeholder engagement should therefore be treated as a strategic management priority rather than a peripheral administrative activity.

VI. Recommendations

Based on the findings, the study recommends that KRC Passenger Service Division should:

i. Develop and implement a formal stakeholder engagement policy.
ii. Strengthen customer feedback collection and response systems.
iii. Enhance employee participation in planning and operational decision-making.
iv. Conduct regular stakeholder consultation forums involving regulators, suppliers, and community representatives.
v. Improve internal and external communication systems to ensure timely dissemination of operational information and service updates.

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